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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 27, 2000

APPLICATION OF

THE POTOMAC EDISON COMPANY
To revise its fuel factor
Pursuant to Va. Code § 56-249.6

CASE NO. PUE000004

ORDER GRANTING MOTION TO SUSPEND PROCEDURAL SCHEDULE

On April 25, 2000, the Commission Staff filed a motion requesting that the Commission suspend the procedural schedule established by the March 1, 2000, Order Establishing 2000-2001 Fuel Factor Proceeding for The Potomac Edison Company, d/b/a Allegheny Power ("Allegheny" or "the Company"). That Order, among other things, required the Staff to investigate the Company's proposed fuel factor and file testimony on or before April 28, 2000.

In support of its motion, the Staff stated that it has learned through discussions with Allegheny that the Company intends to present, as part of a comprehensive restructuring plan soon to be filed by the Company, a proposal for substantially modifying the Company's collection of fuel expenses with the potential elimination of the deferred accounting mechanism. Because the Staff will investigate fuel expense and recovery matters affecting Allegheny's fuel factor in this forthcoming restructuring filing, the Staff states that

its resources and those of the Commission might best be served by permitting the currently authorized interim fuel factor to remain in effect while suspending the procedural schedule for this case pending the filing and investigation of Allegheny's application for approval of its restructuring plan.

Allegheny has proposed in this proceeding a reduction in its zero-based fuel factor from the previously approved level of 1.181¢/kWh to 1.013¢/kWh, a reduction of approximately 14.2%.

The Commission's March 1, 2000, Order permitted Allegheny to implement its proposed fuel factor, on an interim basis, effective with March 2000 cycle bills rendered on and after March 8, 2000.

Staff's motion states that based on recent historical generating unit performance and fuel cost, and considering recent and anticipated coal contract changes, it believes Allegheny's currently operative interim factor of 1.013¢/kWh is set at a reasonable level. The Staff further notes that the requested suspension should not prejudice the Company or its customers since the proposed fuel factor is in effect on an interim basis and subject to refund. The Staff motion states that Allegheny supports the requested suspension of the procedural schedule.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Staff motion should be granted. Accordingly,

IT IS ORDERED:

(1) The procedural schedule for the establishment of Allegheny's 2000-2001 fuel factor is suspended pending the filing and investigation of Allegheny's application for approval of its restructuring plan.

(2) The public hearing scheduled for May 11, 2000, at 10:30 a.m. in the Commission's second floor courtroom shall be retained on the docket for the purpose of receiving evidence from public witnesses, if any.

(3) This matter is continued for further orders of the Commission.